OPENING STATEMENT OF DON DAVIS

POSITION OF INTERMEDIA COMMUNICATIONS INC. ON ALTERNATIVES TO PHYSICAL COLLOCATION TO EFFECT THE INTERCONNECTION OF UNBUNDLED NETWORK ELEMENTS

Good Afternoon. I'm Don Davis and I am an Assistant Vice President for Intermedia Communications. With recent industry mergers, Intermedia, is the largest independent CLEC in the country. As such, we are fundamentally concerned with obtaining access to unbundled loops and other network elements in the most timely and cost-effective manner possible. To date, we have experienced two major impediments to our ability to use unbundled loops. The first lies with interpretations of the decision by the 8th Circuit Court of Appeals. ILECs are interpreting that decision to mean that they have no obligation to connect any unbundled elements under any conditions, and the CLECs must physically collocate at every point in the network where one network element connects with another. The second is the cost of collocation – the reason that the ILEC interpretation of the 8th Circuit decision is so harmful to CLECs is that it typically costs $200,000 to $500,000 (including our equipment) to collocate in a single central office. At these prices, the cost of collocating at every point where UNEs are interconnected is cost-prohibitive.

The importance of alternatives to physical collocation cannot be overstated. As things stand today, the excessive cost of collocation means that CLECs can only justify collocating in end offices that serve customer bases that will generate substantial revenues. If the costs of collocation can be avoided or substantially reduced, CLECs will be enabled to provide service to smaller groups of customers, or customers that generate smaller volumes of traffic, including residential customers. In addition, if a CLEC is obligated to collocate in every ILEC end office, it will effectively be forced to adopt the geographic layout of the ILEC's network as its own, and will be forced to mirror the technology used by the ILEC. Eliminating – or significantly reducing – the collocation obligation will not only stop imposing wasteful costs on CLECs, it will free them to develop more efficient 1990's based network architectures and technologies.

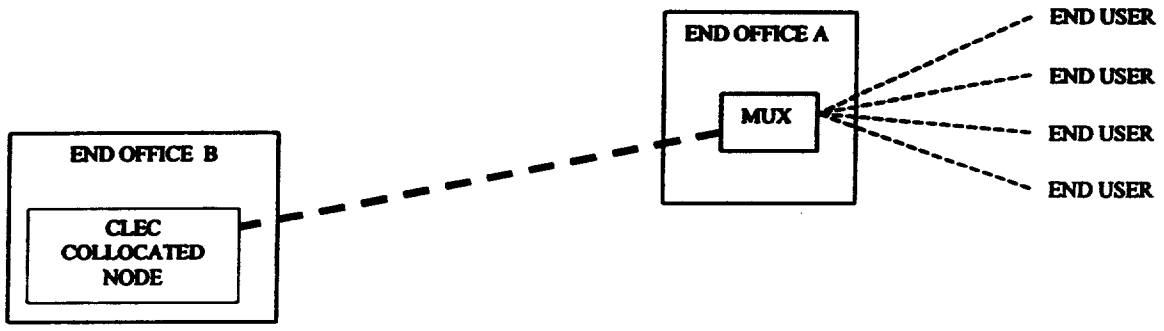
The bottom line here is that ILECs should not be allowed to use collocation to require CLECs to adopt the distributed switch architecture, interoffice transport mechanisms and rate boundaries mandated by the technology they deployed in the 40's, 50's, and 60's.

DEFINING UNEs BY FUNCTION

Fundamentally, the ILECs' interpretation of the 8th Circuit decision as allowing ILECs to refuse to connect any UNEs at any time must not be allowed to stand. The quickest and easiest way to fix this, within the Commission's authority, is simply to re-define or expand UNE definitions to include the functions that CLECs critically need.

As the 8th Circuit acknowledged, the FCC and state regulators have the jurisdiction to define UNEs. Regulators thus have the power to define a single UNE that provides the functionality that CLECs require. For example, let's look at the loop, central office multiplexing and interoffice transport functions that make up the extended link service described earlier today.

THE EXTENDED LINK ALTERNATIVE



I have provided a copy of this opening statement which includes a diagram illustrating a typical extended link arrangement. Specifically, the term "extended link" refers to a combination of a local loop, multiplexing, and interoffice transport that ultimately delivers traffic for CLEC's interconnection in another ILEC end office. It may involve DS0 or voice grade loops with DS1 interoffice transport or DS1 loops with DS3 interoffice transport. The term originated in New York, where the New York Public Service Commission, prior to the Telecom Act, ordered NYNEX to provide extended link as a tariffed service. Similar to New York, the FCC is empowered under the Act to define these functions as a single UNE. Doing so would effectively short circuit the ILECs' ability to use the 8th Circuit decision as an excuse for refusing to link the network components that CLECs need, and would eliminate the need for a CLEC to physically collocate in every end office.

Widespread implementation of Extended Link would greatly expand the CLEC's addressable customer base, and greatly increase the number of Americans that have a competitive choice in local service providers. Furthermore, it would allow CLECs to fully utilize 1990's based transport and switching architectures and technology. The resulting economic efficiencies would further drive competition.

To some extent, ILEC combinations of this type are already being provided under existing UNE definitions. Most unbundled loops that are now being provided by ILECs are

made up of a series of discrete functions: the feeder cable that runs from the ILEC's end office to a concentration device in the field; the concentration equipment (e.g., DLC); the distribution cable that runs from the concentration equipment to outside the customer premise; the drop wire that connects to an individual customer's house or office; and the network interface device that is mounted on the customer's premise. A number of state regulators have required ILECs to provide such elements as discrete UNEs, but also require the ILEC to provide the whole combination of all of these functions as a single UNE – the unbundled local loop. Defining a single UNE to further include the functionality of the local loop, multiplexer and interoffice transport is merely an extension of this practice. Such a combination would provide the CLEC with a ***functional*** loop from ***its*** central office to the customer.

In short, nothing in the Act requires that UNEs must be defined as the smallest functional component of a network. In fact, the opposite is the case – the Act expressly prohibits ILECs from taking functions that are currently offered to CLECs and unbundling them into separate UNEs. Further support for this position is offered in that, the requirement to provide UNEs (Section 251(c)(3) and 271(c)(2)(B)(ii)) is separate from the checklist requirement to provide access "local loop transmission" (Section 271(c)(2)(B)(iv)).

OTHER STEPS

Even with limited combinations such as extended link, there is still a need to collocate. Other panels have discussed methods of reducing the cost of collocation, including cageless collocation and the use of virtual collocation to connect UNEs. Intermedia strongly supports recent actions to consider such alternatives taken by this Commission and by numerous state regulatory commissions across the country.